BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION ASSESSMENT APPEALS COMMISSION

Appeal of:	MAHLE, INC.	
	Map 18, Control Map 18, Parcel 125, S.I. 000	Hamblen County
	Industrial Property)	
	Tax Years 2006 – 2007	

FINAL DECISION AND ORDER

Statement of the Case

This appeal was filed by the Hamblen County Assessor of Property from the Initial Decision and Order of the administrative judge. The assessor contends that the total value should have remained \$16,992,400. The administrative judge ruled in favor of the taxpayer that the following values should be adopted for tax year 2006:

Land Value	Improvement Value	Total Value	Assessment
\$398,400	\$11,801,600	\$12,200,000	\$4,880,000

The appeal was heard in Morristown, Tennessee on December 14, 2007 before Commission members Beth Ledbetter, Robert Walker, and Kay Sandifer. Kelsie Jones participated as administrative judge, but did not participate in the determination of facts or the decision on the merits. The appellants were represented by Attorney Frank (Rusty) Cantwell, Hamblen County attorney; Keith Ely, Hamblen County Assessor of Property; and David Britton, appraiser. The taxpayers were represented by Dean McQuown, a Board-registered agent, and Brian Lucas, a licensed CPA.

Findings of Fact and Conclusions of Law

The subject property consists of three (3) industrial buildings and a water treatment plant located on 42.3 acres in Morristown. The property is used to manufacture automotive pistons.

At the hearing, both sides presented appraisal reports to support their positions. In his extensive appraisal report on behalf of Hamblen County, Mr. Britton included the comparable sales data of several industrial buildings, including some in the Nashville and Middle Tennessee area. Mr. Britton stated that he used these comparables because it was difficult to find similar properties in east Tennessee. Mr. Britton also testified that he or one of his associates personally visited each of the comparables used in his report.

When asked to identify differences between his appraisal report and that done by Mr. McQuown, Mr. Britton stated that there was a difference in the method used to

¹Mr. Walker sat as a designated alternate in the absence of a regular member, per T.C.A. § 4-5-302(e).

depreciate the buildings. In his appraisal, Mr. Britton states that he depreciated each building, whereas Mr. McQuown depreciated the "building total lump sum". Mr. Britton also stated that the comparables used by the taxpayer are older than the subject property. After summarizing some of the material in his appraisal report, Mr. Britton stated that, from the comparables, he concluded the reasonable value to be thirty-five dollars (\$35) per square foot.

During the hearing, it was noted that an appeal was also filed for tax year 2007. There was no objection to tax year 2007 being included in the proceedings. It was pointed out by this Commission that, if combined and deliberated upon, the parties may do one of the following: (a) request a reconsideration; or (b) request a reconsideration regarding tax year 2007 only. The testimony indicated that, due to an addition to the subject property, Mr. Britton made a 4200 square feet measurement adjustment subsequent to tax year 2006. This measurement adjustment would have an impact on values for tax year 2007.

On behalf of the taxpayer, Mr. McQuown stated that, after considering all three approaches to value (cost, income, and market), he determined that the market approach was the best approach regarding the subject property. Mr. McQuown pointed out that, unlike Mr. Britton's report, all of his comparables are manufacturing buildings, with three (3) of the seven (7) being automotive manufacturing buildings. He also stated that, unlike Mr. Britton's report, his report includes buildings in towns or areas that are similar to Morristown, e.g., Jackson, Tennessee. Mr. McQuown testified that he not only visited all of his comparables, but all of Mr. Britton's comparables as well.

Although at least two of the comparables used by both sides are the same, the taxpayer contends that the comparables in the appraisal report done by Mr. Britton represent distribution centers in suburban Nashville. This, according to the taxpayer, is a different market from the one in which the subject property is located. Therefore, the taxpayer argues, the values indicated by Mr. Britton would be higher.

Under questioning by Mr. Cantwell, Mr. McQuown testified regarding differences in the total square feet of the subject property. Previously, the taxpayer had stated that the total square feet was 460,920 square feet, which was later revised to reflect 486,893 square feet. At the hearing, Mr. McQuown stated it was concluded the amended size of the subject property was 502,493 square feet and that, based on the best sale of his comparables, the best price per square foot was approximately \$25.00. The resulting value was approximately \$12,562,000. The total square feet of the subject property determined by Mr. Britton was 511,289 square feet (or 507,089 square feet for tax year 2006).

Both appraisal reports cause some concerns for this Commission. While it was clear that the appraisal report done by Mr. Britton was very detailed, we are concerned about the fact that several of the comparables in his report were from the Middle Tennessee area rather than the Morristown area. However, we disagree with the taxpayer's contention that the Middle Tennessee comparables used by Mr. Britton have an advantage due to interstate access. As this Commission pointed out at the hearing, the subject property has close access to at least three interstates, including I-75, which provides access to any place in the country.

The per-square-foot range of the comparables in Mr. McQuown's report was too wide, i.e., from \$8 per square foot to \$28 per square foot. On the other hand, Mr. Britton "bracketed" the comparable sales in his report, i.e., some of the comparables were inferior to the subject property and some were superior, which resulted in the range not being too widespread.

The Commission finds that the Gallatin, Tennessee sale², which both appraisers relied upon, is the most persuasive indication of value. Besides being chosen by both appraisers, this sale was not located in Nashville and, like the subject property, is used in automotive (parts) manufacturing. On the basis of this sale, we find the proper value of the subject property to be \$28 per square foot. Applying that value to the total square foot area in Mr. Britton's report yields a value of \$14.2 million for 2006 and \$14.3 million for 2007. The land value should remain at its current valuation.

ORDER

By reason of the foregoing, it is ORDERED, that the following values and assessments be adopted:

TAX YEAR 2006

Land Value	Improvement Value	Total Value	<u>Assessment</u>
\$398,400	\$13,801,600	\$14,200,000	\$5,680,000

TAX YEAR 2007

Land Value	Improvement Value	Total Value	Assessment
\$398,400	\$13,901,600	\$14,300,000	\$5,720,000

This order is subject to:

1. Reconsideration by the Commission, in the Commission's discretion. Reconsideration must be requested in writing, stating specific grounds for relief and the request must be filed with the Executive Secretary of the State Board of Equalization with fifteen (15) days from the date of this order.

²See Exhibit 1 (Comparable Sale II); Exhibit 2 (Comparable Sale IV).

Review by the State Board of Equalization, in the Board's discretion.

This review must be requested in writing, state specific grounds for relief, and be filed with the Executive Secretary of the State Board within fifteen (15) days from the date of this order.

 Review by the Chancery Court of Davidson County or other venue as provided by law. A petition must be filed within sixty (60) days from the date of the official assessment certificate which will be issued when this matter has become final.

Requests for stay of effectiveness will not be accepted.

DATED: Jan. 22, 2008

Beth Leabetter Presiding Member Wyfga/perm.

ATTEST:

Executive Secretary

cc: Dean McQuown, CMI, Sr. Consultant, National Bureau of Property Administration Frank Cantwell, Hamblen County Attorney Keith Ely, Hamblen County Assessor of Property

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